

REMARKS/ARGUMENTS

This Amendment is responsive to the Office Action mailed on November 9, 2010. Prior to this response, claims 1-20 and 44-50 were pending. In this response, claims 1, 3-4, 15, 44, 47 and 48 have been amended. Claims 2, 8-14, 20, 44, 46 and 50 have been canceled. New claims 51-61 have been added. No new matter is added. Thus upon the entry of this Amendment, claims 1, 3-7, 15-19, 45, 47-49, 51-61 will be pending.

Support for the newly added claim 51 can be found in the Specification. For example, in paragraph [0030].

Support for the newly added claim 52 can be found in the Specification. For example, in paragraph [0032].

Support for the newly added claims 53 and 58 can be found in the Specification. For example, in paragraph [0033].

Support for the newly added claims 54 and 59 can be found in the Specification. For example, in paragraph [0038].

Support for the newly added claim 55 can be found in the Specification. For example, in paragraph [0039].

Support for the newly added claims 56, 57, 60 and 61 can be found in the Specification. For example, in paragraphs [0039] and [0046].

In this Amendment, independent claim 1 is amended to incorporate the limitations in dependent claim 2 and 44, so claim 1 is the same as previously presented dependent claim 44. Independent claim 15 is amended to incorporate the limitations of dependent claims 20 and 46, so claim 15 is the same as previously presented claim 46.

Rejection under 35 U.S.C. 112, 1st paragraph

At page 2 of the Office Action, claims 44-48 are rejected under 35 U.S.C. 112, 1st paragraph as failing to comply with the written description requirement. The Examiner states the following:

4. Claims 44-48 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. Paragraphs 0007 0009 0010 and 0018 merely state "prioritizing multiple coupon redemption for the transaction" but fails to describe how in what way the prioritizing of multiple coupons is being done.

Applicants respectfully traverse this rejection and submit that the specification clearly describes the subject matters of the above-noted claims. Applicants further submit that in addition to the above paragraphs that the Examiner refers to, other parts of the Specification (e.g., paragraphs [0036]-[0059]), and the Figures clearly describe the subject matter of the above-noted claims.

For example, paragraphs [0036]-[0037] and [0052] of Specification and Figures 3 and 4, among other parts of the specification, clearly describe the concepts of prioritizing multiple coupons and resolving conflicts between coupons. Paragraphs [0036]-[0037], and [0052] are reproduced below:

[0036] According to another exemplary aspect of the system 10, the **system 10 is able to prioritize multiple coupon redemptions.** The system 10 is able to resolve redemption conflicts between two or more rewards or coupons. **The rules and logic used to resolve redemption conflicts are maintained by the system 10. For example, the system 10 is able to resolve redemption conflicts between a paper-based coupon and an electronic coupon, both of which are redeemable for the same reward.** In one illustrative situation, if an electronic coupon on the token 20 and a paper-based coupon of the same type (e.g. both are manufacturer or both are store coupons) are presented for redemption for the same SKU item during a single transaction, the paper-based coupon is redeemed first. Alternatively, the redemption order may be reversed depending on other constraints, such as, the rules specified by the reward program sponsor. (Emphasis Added)

[0037] If a paper-based coupon from a manufacturer has been applied to a specific item, then the manufacturer's electronic coupon on the token 20 is not applied to the same item in the same transaction. Furthermore, loyalty or reward is delayed till the next transaction when manufacturers paper-based coupons and electronic coupons with identical product codes (e.g., SKU, bar code DPCI) are presented. FIG. 3 is a table showing the foregoing illustrative situation under which conflicts are

resolved between paper-based and electronic coupons in accordance with one exemplary set of business rules of the present invention.

[0052] FIG. 4 is a flow diagram illustrating the redemption conflict resolution process flow in accordance with an exemplary aspect of the present invention. Referring to FIG. 4, at 60, the program administrator who is responsible for managing the loyalty or reward program creates respective redemption resolution rules for one or more rewards that are available under that reward program. The redemption resolution rules can be based on a number of conditions. Based on the disclosure and teachings provided herein, a person of ordinary skill in the art will appreciate how to design the appropriate redemption resolution rules depending on the constraints and/or design of each reward program. In an exemplary implementation, the program administrator uses the user interface provided by the reward host 12 to create the desired redemption resolution rules. The redemption resolution rules are then stored in the reward host 12. Furthermore, the reward host 12 allows the reward program sponsor to subsequently modify the redemption resolution rules due to, for example, new conditions and/or changes to the reward program imposed by the reward program sponsor.

Applicants also respectfully submit that the specification, and in particular paragraphs [0036]-[0059] describe specific examples of software applications (see paragraph [0039]), devices, and process flows that provide support for the above-noted claims. Applicants therefore respectfully request the withdrawal of this rejection.

Rejection under 35 U.S.C. 112, 2nd paragraph

At page 2 of the Office Action, claims 1, 8, 15, and 45 are rejected under 35 U.S.C. 112, 2nd paragraph. The Examiner states the following:

6. Claims 1, 8, 15, 45 provides for the use of “wherein the token acceptance device automatically resolves redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons”, but, since the claim does not set forth any steps involved in the method/process, it is unclear what method/process applicant is intending to encompass. A claim is indefinite where it merely recites a use without any active, positive steps delimiting how this use is actually practiced. For purpose of examination, “other coupons” will be interpret to be other electronic coupons.

This rejection is respectfully traversed. Applicants respectfully submit that the above-noted claims are not “use” claims, and contrary to the Examiner’s statement, they do not “recite a use without any active, positive step”. Each of the above-noted claim do in fact recite an active positive step. For example, independent claim 1 recites: “...token acceptance device automatically **resolves** redemption conflict...” Independent claim 15 recites: “...automatically **resolving** redemption conflicts...” and dependent claim 45 recites: “...reward host is further configured to **determine** rules or logic to **resolve** conflicts...”

It is not clear why the examiner refers to the recitation of “use” when none of the above claims recite the word “use”. Furthermore, the Examiner also states the following at page 3 of the Office Action:

Claims 1, 8, 15, 45 are rejected under 35 U.S.C. 101 because the claimed recitation of a use, without setting forth any steps involved in the process, results in an improper definition of a process, i.e., results in a claim which is not a proper process claim under 35 U.S.C. 101. See for example *Ex parte Dunki*, 153 USPQ 678 (Bd.App. 1967) and *Clinical Products, Ltd. v. Brenner*, 255 F. Supp. 131, 149 USPQ 475 (D.D.C. 1966).

This rejection is also respectfully traversed. It appears that the Examiner’s rejection is based on MPEP 2173.05(q) which states the following:

2173.05(q) "Use" Claims

Attempts to claim a process without setting forth any steps involved in the process generally raises an issue of indefiniteness under 35 U.S.C. 112, second paragraph. For example, a claim which read: "A process for using monoclonal antibodies of claim 4 to isolate and purify human fibroblast interferon." was held to be indefinite because it merely recites a use without any active, positive steps delimiting how this use is actually practiced. *Ex parte Erlich*, 3 USPQ2d 1011 (Bd. Pat. App. & Inter. 1986).

Other decisions suggest that a more appropriate basis for this type of rejection is 35 U.S.C. 101. In *Ex parte Dunki*, 153 USPQ 678 (Bd. App. 1967), the Board held the following claim to be an improper definition of a process: "The use of a high carbon austenitic iron alloy having a proportion of free carbon as a vehicle brake part subject to stress by sliding friction." In *Clinical Products Ltd. v. Brenner*, 255 F. Supp. 131,

149 USPQ 475 (D.D.C. 1966), the district court held the following claim was definite, but that it was not a proper process claim under 35 U.S.C. 101: "The use of a sustained release therapeutic agent in the body of ephedrine absorbed upon polystyrene sulfonic acid." (Emphasis added).

Applicants respectfully submit that the Examiner erred because the above-noted claims are **not** "process" claims and do **not** recite "use". Therefore, the Examiner's reasoning does not apply to the rejected claims and the rejections are improper. Withdrawal of the rejections under 35 U.S.C 112, 2nd paragraph and 35 U.S.C. 101 are respectfully requested.

Furthermore, as for the Examiner's statement that "other coupons will be interpreted as electronic coupons", Applicants respectfully submit that the specification describes paper-based coupons. For example, paragraph [0046] states:

[0046] Additional control logic within the CAD application defines the logical order (priority) in which **paper-based coupons** and electronic coupons are to be applied to the same purchase transaction, if either a paper-based coupon and an electronic coupon can be applied. (Emphasis added).

Accordingly, Applicants respectfully submit that "other coupons" may include paper-based coupons or electronic coupons.

Rejection under 35 U.S.C. 102(b)

Claims 1-20, and 50 are rejected under 35 U.S.C. 102(b) as being anticipated by Barge et al. (PCT Publication No. WO 95/21428, hereinafter "Barge").

Applicants respectfully submit that independent claims 1 and 15 are amended to include the limitation(s) of some dependent claims that are rejected under 35 U.S.C. 103(a). Dependent claim 50 has been canceled. Therefore, Applicants respectfully submit that this rejection is moot.

Applicants will address independent claims 1, 15 and their respective dependent claims in their arguments with respect to the 35 U.S.C. 103(a) rejection below.

Rejection under 35 U.S.C. 103(a)

Claims 44-49 are rejected under 35 U.S.C. 103(a) as being unpatentable over Barge in view of Office Notice. This rejection is respectfully traversed.

Applicants submit that the limitation of dependent claim 44 has been added to the independent claim 1, and the limitation of dependent claim 46 has been added to independent claim 15. Therefore, this rejection will be addressed with respect to the amended independent claims.

I. Independent Claim 1

- A. Barge does not teach or suggest, *inter alia*, “a portable token configured to store an electronic coupon and a redemption tally, the redemption tally representing the number of times the electronic coupon has been redeemed by a holder of the portable token for a corresponding reward under the reward program.”**

Independent claim 1, recites the following limitation:

a portable token configured to store an electronic coupon and a redemption tally, the redemption tally representing the number of times the electronic coupon has been redeemed by a holder of the portable token for a corresponding reward under the reward program (Emphasis added).

At page 4 of the Office Action, the Examiner alleges that the above limitation is disclosed in Barge at page 3, line 17 to page 4, line 2. This portion of Barge is reproduced below:

In accordance with the method of the present invention, incentive credits are allocated and redeemed by first conducting a transaction between a customer and a provider. From this transaction, a transaction amount is derived. After the transaction amount is derived, an incentive credit total stored in the customer device (74) is checked to determine whether it has a zero value. If so, the customer has no incentive credits to redeem. However, if incentive credits are stored on the customer device (74), the customer is asked whether he wishes to redeem any of the accrued incentive credits, and if so, how many. Where an affirmative response is received, a specified number of incentive credits are redeemed to lower the transaction amount by a discounted amount. The number of incentive credits redeemed is subtracted from the incentive credit total stored in the customer device (74) to update this total. Thereafter, the number of incentive credits earned in the present transaction is computed along

with the credit incentives offered by additional providers to derive an incentive credit amount. This incentive credit amount is total. The newly earned incentive credits may be redeemed in a future transaction. Incentive credits are thus allocated and redeemed in accordance with the present invention.

Applicants respectfully submit that the above portion of the Barge does not teach or suggest a redemption tally which represents **the number of times** a coupon has been redeemed. In the embodiments of Barge, incentive credits are stored in the customer device, and a number of the accumulated credits can be used to deduct from the total amount of the transaction. In contrast, in the embodiments of the invention, a token stores both an electronic coupon and a redemption tally for that coupon to keep track of **the number of times** the coupon has been redeemed. The redemption tally advantageously allows for effective management of coupon redemption where it prevents the use of a coupon beyond the maximum number of times that the coupon can be redeemed (see paragraphs [0025] and [0027]).

The incentive credit in Barge is in the form of a finite number from which “a specified number are redeemed to lower the transaction amount”, as recited above. Moreover, at page 3, lines 22-23, Barge states: “the incentive credit total stored in the customer device is reduced by the number of incentive credits redeemed.” Applicants respectfully submit that in Barge, one unit of incentive credit can only be redeemed once, since it will be deducted from the total amount. Therefore, Barge does not need to keep track of the number of redemption usage.

B. Barge does not teaches or suggests, *inter alia*, “wherein the reward host is further configured to prioritize multiple coupon redemptions for the transaction.”

Independent claim 1 recites the following limitation:

wherein the reward host is further configured to prioritize multiple coupon redemptions for the transaction

The above-noted limitation was previously presented as dependent claim 44. At page 6 of the Office Action, the Examiner states the following:

Claims 44, 46 and 48 further recite prioritizing multiple coupon redemptions.

Official Notice is taken that it is old and well known to rank/arrange or list a group of things in order of priority or importance based on priority. It would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have used it for multiple coupon redemptions in order to encourage redemption of the most important coupon first.

The Office Action makes no allegation that Barge teaches the limitation of "...prioritiz[ing] multiple coupon redemptions for the transaction" as recited in the currently amended claims. Therefore, it is clear that the Office Action does not consider Barge as teaching such a limitation and instead resorts to taking Office Notice of this limitation.

Additionally, the Office Action alleges that it is well known "to rank/arrange or list a group of things in order of priority or importance based on priority". However, it is unclear to the Applicants how this allegation applies to the cited feature of the claimed subject matter. The methodology described in the allegation using Official Notice in the Office Action is not relevant to prioritizing multiple coupon redemptions in the claimed subject matter. The claimed subject matter prioritizes coupons based on a number of conditions. For example, the reward host may enforce a redemption priority between the paper-based coupons and electronic coupons (see paragraph [0039]). Applicants respectfully submit that this particular allegation in the Office Action is misdirected.

As MPEP 2144.03A states: "Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known. As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be "capable of such instant and unquestionable demonstration as to defy dispute" (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 USPQ 6 (CCPA 1961))."

Applicants respectfully submit that prioritizing multiple coupon redemptions for a transaction by a reward host, in the context of the current claims, is **not** common knowledge or well-known in the art. As stated above, the prioritization may be based on a number of

conditions and redemption rules, and it may not always be based on “redemption of most important coupon first” as the Examiner suggests. As the Applicants noted above, in one instance, the redemption rule may be based on the type of coupon (i.e. paper-based or electronic).

Pursuant to MPEP §2144.03, Applicants challenge the Examiner's taking of Official Notice in each and every instance that this is done in the Office Action. The Examiner has not found a prior art reference to support an allegation that a feature that is present in the claims is "well known." If such feature is in fact "well known" in the art, then it should not be too burdensome for the Examiner to find and cite such references. Even if the Examiner can find a reference teaching an element for which Official Notice is taken, the reference may not be combinable with the other cited references or may teach away from the combination. Thus, Applicants cannot determine if the Examiner has satisfied his burden of establishing obviousness, unless prior art is cited to meet the claim limitations.

Applicants respectfully submit that since Barge does not teach or suggest many of the limitations of the independent claim 1, independent claim 1 and any dependent claim dependent thereon are patentable.

II. Independent claims 15 and 51

Applicants respectfully submit that the reasons for patentability provided for independent claim 1, can apply equally to each of the independent claims 15 and 51 and claims dependent thereon. Therefore, these claims are patentable for at least the reasons stated above.

III. Dependent claim 47

Applicants respectfully submit that although dependent claim 47 is patentable for at least the reasons provided with respect to independent claim 1, given that the Examiner has taken Official Notice for this claim, Applicants respectfully traverse this rejection and challenge the Examiner's taking of Official Notice pursuant to MPEP §2144.03.

Dependent claim 47 recites the following limitation:

wherein token acceptance device will store the electronic coupon within the memory of the portable token for future use if it determines there is a conflict with the other coupons

The Examiner states the following at page 7 of the Office Action:

Claim 47 further recites storing within the memory of the portable token for use if it determines there is a conflict with other coupons. Official Notice is taken that it is old and well known to store conflicts, problems or the like in a database/memory or the like in order to consult or refer to it at a future day. For example, vendor, business and the like store conflicts/problems in the accounts such as issue of bad checks in the account or the like in order to prevent fraud. It would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included storing within the memory of the portable token for use if it determines there is a conflict with other coupons in order to obtain the above mentioned advantage.

Applicants respectfully submit that storing electronic coupons in the memory of a portable consumer device for future use based on a determination that there is a conflict with other coupons, in the context of the current claims, is not common knowledge or well-known in the art. Applicants further submit that the Examiner's reasoning and example are not even remotely related to the claimed subject matter. First, it is not clear to the Applicants how storing "bad checks" in the account to prevent fraud is relevant to the conflict between multiple coupons. Second, "future use" of a coupon and using a record "to consult or refer to it at a future day" are not the same.

Applicants respectfully request that, if the Examiner believes the above-noted limitation is well-known, the Examiner provide a reference that would teach the above-noted limitation.

IV. Dependent claim 49.

Applicants respectfully submit that although dependent claim 49 is patentable for at least the reasons provided with respect to independent claim 1, given that the Examiner has taken Official Notice for this claim, Applicants respectfully traverse this rejection and challenge the Examiner's taking of Official Notice pursuant to MPEP §2144.03.

Dependent claim 49 recites the following limitation:

wherein the portable token is a phone

The Examiner states the following at page 7 of the Office Action:

Claim 49 further recites the portable token being a phone. Barge teaches the portable token being a smartcard. Barge doesn't specifically teach the portable token being a phone. Official Notice is taken that it is old and well known to use cellular phone or the like to store electronic coupons/discounts, etc. in order to provide convenience to the user by allowing the user to receive coupons via already owned device such as the well known cellular phones. It would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included the portable token being a phone in order to obtain the above mentioned advantage.

Applicants respectfully submit that storing electronic coupons in a phone, in the context of the current claims, is not common knowledge or well-known at the time of the invention. The Examiner has erred in alleging that, at the time of the invention, utilization of a phone as a portable token to store electronic coupon was well-known. Applicants respectfully request that the Examiner provide a reference that would support the Examiner's allegation that it is old and well-known to use a phone to store electronic coupons.

CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance and an action to that end is respectfully requested.

Further, the Commissioner is hereby authorized to charge any additional fees or credit any overpayment in connection with this paper to Deposit Account No. 20-1430.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,

/Faryar Ghazanfari/

Faryar Ghazanfari
Reg. No. 60,759

Kilpatrick Townsend & Stockton LLP
Two Embarcadero Center, Eighth Floor
San Francisco, California 94111-3834
Tel: 415-576-0200
Fax: 415-576-0300
F1G:dj
63197164 v1